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UNCLAS E F T O SECTION 01 OF 03 WELLINGTON 000409

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STATE FOR EAP/ANP/RAMSEY AND EB/TPP/BTA/ANA/ARMSTRONG
USDA FOR FAS/FAA/CONLON AND SEBRANEK, FAS/OA/TERPSTRA,
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SUBJECT: MINISTER SUTTON'S INVITATION TO USDA SECRETARY
JOHANNIS TO VISIT NEW ZEALAND - - POLITICAL SCENESETTER

REF: WELLINGTON 00360

SUMMARY

1. (SBU/NF) Aides to New Zealand Agriculture Minister Sutton have reiterated to us their hope that Secretary Johanns will visit New Zealand, noting that a potential August/September visit, timed to a Quint Ministerial in Australia, would be viewed as "supportive." Minister Sutton would welcome the Secretary's visit despite the fact that the Minister is facing a tough re-election campaign in this year's general election, which will probably be held August 20 or September 17. Sutton also has been drawn into the political limelight recently because of a decision by Tim Groser, New Zealand's WTO Ambassador and chair of the WTO's Agricultural Negotiating Committee, to run for parliament as an opposition National Party candidate. End Summary.

2. (U) Jim Sutton is Minister for Agriculture in the current Labor Government of New Zealand. He also is Minister for Biosecurity and Minister for Trade Negotiations. Minister Sutton recently relinquished the Forestry and Rural Affairs portfolios. He is the only Labor Party Member of Parliament with a rural/farming-based constituency. Most of New Zealand's farming community falls in the center-to-right of the political spectrum while the Labor Party generally represents the center-to-left. Minister Sutton represents the Aoraki District in the South Island. Excluding the city of Timaru (estimated population of 27,000), the district is made up of small farming/rural communities. Minister Sutton has represented Aoraki since 1996. Prior to that he was an MP for Timaru (1993-96) and an MP for Waitaki (North Otago) from 1984-1990.

3. (SBU/NF) Jo Goodhew, the National Party's candidate for the Aoraki District, will challenge Minister Sutton in the coming general election. Trained as a nurse, Goodhew recently resigned from her position as coordinator for New Zealand's Safer Community Council. Goodhew has been involved in a range of community activities in Timaru and enjoys a high profile in the district. In a speech to National's southern division this week, National Party Leader, Dr. Don Brash, identified Minister Sutton's seat as one of three South Island Labor seats National was targeting for the general election. Recent National Party polling reportedly shows a significant swing toward National in Minister Sutton's district. According to local media reporting, Minister Sutton rejected National's polling results, but acknowledged that he was working hard in Aoraki given that he had always viewed the seat as marginal despite his majority in past elections.

4. (SBU/NF) With the National Party believing that Goodhew will pose a serious threat to Sutton in the upcoming election, it will strongly support her campaign. Goodhew's appeal to voters in the Aoraki District will focus on the following issues:

5. (SBU/NF) Sutton is viewed by much of rural New Zealand as being the spokesperson for the Government's efforts to grant greater access to public lands. These areas, referred to as the "Esplanade Reserves," include New Zealand's coastline and 20 meters on both sides of all waterways. Federated Farmers of New Zealand has expressed its support for maintaining private property rights within the context of the land access issue. In general, the farming community believes that the public already enjoys adequate access to waterways across privately held farmland and is disappointed that the Government has not staked out a position that indicates its support for the property rights of rural landowners. The Government currently is proposing to establish a

commission that will explore the land access issue.

16. (SBU/NF) Voters in rural areas, including the Aoraki District, generally view the public land access issue as a Labor Party initiative that serves its urban constituents. Goodhew has characterized Minister Sutton as being out of touch with rural concerns on waterway access. The Government's efforts are seen as potentially interfering with farmland management, raising safety concerns, and posing biosecurity risks. A sense of distance between Minister Sutton and his Aoraki constituents is heightened by the fact that he permanently resides in Wellington, following his divorce several years ago. Prior to entering politics, Minister Sutton was a fulltime farmer.

17. (SBU/NF) Plans to increase power output from hydroelectric facilities on the Waitaki River, which runs across the southern boundary of the Aoraki District, are viewed cautiously by the local farming community. Concern exists that a balanced approach to water allocation will not be maintained and that future irrigation requirements will be overlooked in favor of urban electrical demands. This concern is heightened by a shift in decision-making authority for the project from a regional level to the central government.

18. (SBU/NF) A number of schools in the Aoraki District are being closed in response to the Ministry of Education's consolidation of school facilities throughout New Zealand. This includes the closure of the Pleasant Point secondary school in the Aoraki District, with students being transferred to Temuka secondary school. Pleasant Point has a student body of 250-300 students. An additional two dozen smaller rural primary schools face closure in the Aoraki District. Minister Sutton could face a voter backlash from the emotionally charged school closings being undertaken by the Labor Government.

19. (SBU/NF) Weighing in favor of Minister Sutton's re-election will be the general well-being of New Zealand's farming community based on exceptionally strong dairy and meat (beef and lamb) export price levels, which have offset lower returns resulting from the appreciation of New Zealand's currency during the past two years. Voters may see benefits from maintaining Minister Sutton in his role as Minister for Trade Negotiations as New Zealand pursues its efforts to open markets to its agricultural products through the Doha trade round and to secure a free trade agreement with the United States.

110. (SBU/NF) As further proof that agriculture may be a significant issue in the coming elections, the National Party has announced the nomination of Tim Groser to fill one of its Party (List) seats. His candidacy means that he will have to stand down as New Zealand's WTO ambassador since it is a posting of the Ministry of Foreign Affairs and Trade and public servants are not permitted to keep their jobs while standing for Parliament. Mr. Groser reportedly has expressed his intention to stay on to chair the WTO's agricultural negotiations until December under the belief that since he was appointed to the position by the WTO, it is outside of New Zealand Government's authority. Prime Minister Clark, however, has expressed her Government's loss of confidence in Mr. Groser's ability to continue to chair the WTO's agricultural negotiating committee. With New Zealand's general election to be held no later than September 24, Groser's ability to chair the agricultural negotiations when trade ministers meet in Hong Kong next December is not certain. Mr. Groser is expected to resign by the end of the week as New Zealand's ambassador to the WTO. He will make a case for continuing as chairman of the agricultural negotiations as a private citizen and reportedly is offering to personally fund his expenses for staying on in Geneva.

111. (SBU/NF) A spokesperson for National Leader Dr. Don Brash indicated that Mr. Groser will forgo his MP's salary if elected and would remain at the WTO until December. The National Party will attempt to make political capital in the run-up to the general election from Labor's decision not to support Mr. Groser in staying on in Geneva. Media reports indicate that Mr. Groser was offered a top-30 list position, which if true, would make his election highly likely.

112. (SBU/NF) Comment: Minister Sutton is facing a difficult election and may not maintain the 6,400-vote majority in the Aoraki District that he obtained 4 years earlier. If he should lose the election, but a Labor-led Government emerges, he would likely retain his Ministerial portfolio and be designated as a List (Party) MP for Labor. If the National Party should emerge victorious, Tim Groser could become National's new Minister for Trade Negotiations and/or Foreign Minister.

